



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-60 –Standards Established and Methods Used to Assure High Quality of Care: Utilization Control of Home Health Services Department of Medical Assistance Services March 3, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed regulations will (i) require that the start-of-care patient assessment for home health services must be completed within the first five calendar days of the certification period, (ii) require that physician re-certification of a patient's condition must be performed within the last five days of the 60-day certification period, (iii) extend the period for which a physician signs the certification and re-certifications to until the home health agency submits the bill, and (iv) remove the requirement that a physician sign and personally design the plans of care for physical therapy, occupational therapy, and speech language pathology services.

Estimated Economic Impact

These regulations contain procedural standards for the provision of home health services to Medicaid recipients. The main purpose of the proposed changes is to make these requirements consistent with Medicare home health requirements, which were amended in 1999. Currently, home health providers have to comply not only with Medicare rules, but also a slightly different

set of Medicaid rules. Although the proposed changes are relatively minor, consistency between the Medicare and Medicaid rules is expected to provide some administrative cost savings to the providers without compromising patient health and safety.

One of the proposed changes will require that the start-of-care patient assessment for home health services must be completed within the first five calendar days of the certification period. Currently, this assessment has to be completed within the first 21 days. Early assessment of patient needs will help patients receive appropriate services sooner and could improve their health status. Even though this change appears to reduce a provider's flexibility to conduct assessments, providers are currently complying with a 5-day time frame for Medicare patients. According to the Department of Medical Assistance Services, an advisory group representing the providers supports this change, which could be taken as an indication that the expected provider benefits from consistent Medicare and Medicaid rules exceed the provider costs associated with a shorter time frame in which to conduct these assessments.

Another change will require that physician re-certification of a patient's condition must be performed within the last five days of the 60-day certification period. Under the current regulations, re-certifications can be done anytime within the 60-day period. Thus, moving the re-certification window towards the end of the certification period will better reflect the patient's more recent condition and could improve health outcomes. On the other hand, the providers will have a narrower window in which to perform re-certifications. Similar to the previous change, providers are currently complying with this time frame for Medicare patients and have shown support for performing the re-certification within Medicare time frame. This support appears to suggest that providers expect to realize net benefits from consistent Medicare and Medicaid timeframes.

The proposed changes will also extend the period for which a physician signs the certification and re-certifications to until the home health agency submits the bill, provided the physician reviews the case within the 60-day certification period. Currently, unless the physician reviews and signs the certification within the 60-day period, the Medicaid reimbursement is denied. This proposed change will provide more flexibility to providers. A physician will still be required to review the case within the 60-day certification period, but providers will be afforded more time to obtain signatures from them. Because physicians will review the case within the

same timeframe as before, no significant adverse affects on patient health is expected. However, this change will benefit providers by affording them a longer time frame in which to obtain physician signatures for reimbursement.

The proposed regulation will also remove the requirement that a physician sign and personally design the plans of care for physical therapy, occupational therapy, and speech language pathology services. With this change, physicians will still have to review the case within the 60-day certification period, but providers will have more time to obtain signatures from physicians. While this change is unlikely to create any significant adverse effects on patient health, it is expected to provide some net benefits to the providers. Furthermore, this particular change will no longer require that a physician personally design the plans of care for physical therapy, occupational therapy, and speech language pathology services. In reality, services are designed by the licensed therapists and not by the physicians. Thus, this change will make the regulatory language consistent with the procedures followed in practice and is unlikely to produce any significant effects on either patient health or provider costs.

Businesses and Entities Affected

The proposed regulations apply to 176 Medicaid home health providers. Last year 3,490 patients received home health services from the Medicaid program. Of these, approximately 2,059 received physical therapy, occupational therapy, or speech language pathology services.

Localities Particularly Affected

No localities are expected to be affected more than others.

Projected Impact on Employment

The proposed changes are relatively minor and are not expected to create any significant impact on employment.

Effects on the Use and Value of Private Property

Similarly, the proposed impact on the use and value of private property is likely to be negligible.